

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN DON HARGROVE**, on February 2, 2001 at 10:00 A.M., in Room 335 Capitol.

ROLL CALL

Members Present:

Sen. Don Hargrove, Chairman (R)
Sen. John C. Bohlinger, Vice Chairman (R)
Sen. Edward Butcher (R)
Sen. Pete Ekegren (R)
Sen. Jim Elliott (D)
Sen. Eve Franklin (D)
Sen. Ken Toole (D)

Members Excused: Sen. Fred Thomas (R)

Members Absent: None.

Staff Present: Lynette Brown, Committee Secretary
David Niss, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SR9, SR5, SR17, 1/22/2001
Executive Action:

HEARING ON SR 9

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This majority of this hearing was held on 1-31-01. This is the remainder of that hearing. **EXHIBIT(sts27a01)**

Questions from Committee Members and Responses:

SEN. KEN TOOLE asked **Bud Clinch**, Director of the Department of Natural Resources and Conservation, to explain the events and reasoning behind the Soup Creek Timber Sale. **Bud Clinch**, responded that the Soup Creek Timber Sale was located in the Swan Valley. The department has continuously had difficulties carrying out the sales in the Soup Creek because of environmental litigation. **Mr. Clinch** said the department completed an environmental assessment, but it was alleged that the department did not address the MEPA concurs adequately. The department then went back and revamped the sale again, re-constituted the proposal based on the Department's interpretation of those situations and performed an entirely new environmental analysis. In the process, the Department enlisted the consultation of biology professors of the University of Montana, and were once again litigated. In that process, the plaintiff's brought to the Department's attention the allegation that the actual marking and prescription on the ground did not accurately reflect what they felt the environmental document showed. The Department then went back with a third party group and concurred that there was a difference with what the consultants had advised. They then re-marked the sale, reduced the volume, and began the sale. Somewhere in that process, the Department was rendered an injunction by the court on a subsequent litigation by the plaintiffs. The Department already had around 30,000 - 50,000 board feet on the ground; they have since been permanently prohibited from moving the wood. He said the wood remains on the ground to this day. **Mr. Clinch** said the judge refused the Department's request to remove the downed timber.

SEN. TOOLE asked **Bud Clinch** how much the sale was worth? **Mr. Clinch** replied around 3 ½ million board feet with the value of an excess of \$1 million; Plum Creek Timber was the purchaser.

SEN. TOOLE asked **Bud Clinch** if the Department had contact with the environmental group "Friends of the Wild Swan" during the litigation? **Mr. Clinch** replied that the Department learned nearly a decade ago that they would not be able to do anything in that area without the involvement of Friends of the Wild Swan. The group was very involved in scoping meetings and they sent comments in. The Department took the comments into consideration with some being accepted and some being denied while moving through the entire MEPA process. **SEN. TOOLE** asked if the litigation from Friends of the Wild Swan came as a surprise? **Mr. Clinch** responded that it was not a surprise because by this time, the Department expects litigation from Friends of the Wild Swan on any proposed activity in the Swan Valley.

SEN. TOOLE asked if there were any other timber sales in the Swan Valley? **Bud Clinch** answered the geographic area is mostly owned

by the Plum Creek Timber Company and the U.S. Forest Service. There is not anything going on with the Forest Service land in that area because the Forest Service had been involved in a wide variety of litigation with Friends of the Wild Swan as well.

SEN. TOOLE asked why the Department continues trying to do projects in the Swan Valley since the Friends of the Wild Swan continue to get involved in every issue and litigate the Department. **Bud Clinch** explained the importance of managing trust lands. He talked about the handout on fundamental trust land cases and legal principles. He said he is charged with managing the trust land in that area and if he would not do anything with the land, he could be charged with breach of trust management.

SEN. PETE EKEGREN asked **Bud Clinch** if the Friends of the Swan don't want the DNRC to do anything, then do they have a plan of other options? **Mr. Clinch** said Friends of the Swan, along with some other groups, say that just leaving the land behind for the well-being of society as a whole is of benefit and that was how DNRC could fulfill the mandate of Trust Lands. He said that concept is an immense difference in interpretation. No one from those organizations had come forth in those types of areas with alternatives for compromise. **Mr. Clinch** told the committee DNRC was willing to do a conservation lease where if someone was opposed to a harvest, if they were willing to pay DNRC for the lost interest for the time period that had gone by.

SEN. EKEGREN asked **Bud Clinch** if the money generated from the trust lands went into education funding? **Mr. Clinch** responded that was correct with the Department generating \$45-\$50 million from those types of activities, another \$25-\$30 million from permanent investments the Department had which provides 5-10% of the total budget for education.

SEN. EKEGREN asked **Bud Clinch** why DNRC did the land exchange with Ted Turner? **Mr. Clinch** replied that they did the land exchange because the acres were inaccessible because of their location on Mr. Turner's ranch. In doing the land exchange, DNRC increased the total acres, doubled the value, and the land was then accessible to the public.

SEN. EKEGREN asked **Bud Clinch** if there would be controversy and conflict with everything they do? **Bud Clinch** responded that it was an example of the world in which we live.

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HEARING ON SR 5

Sponsor: SEN. JIM ELLIOTT, SD 36, Trout Creek

Proponents: Rick Hays, QWEST
Tom Ebzery, QWEST
Margaret Morgan, representing herself

Opponents: None

Opening Statement by Sponsor:

SEN. JIM ELLIOTT, SD 36, said **Barbara Ranf**, Director of Administration, had been a lobbyist for US West, and had worked in the Public Relations Department at US West. **Ms. Ranf** had a master's degree in journalism, he said. **SEN. ELLIOTT** told the committee she had been active in civic organizations, had been an advocate for children and the developmentally disabled.

Barbara Ranf, shared information with the committee about her background and experience. She told the committee she had a bachelor's degree and master's degree in journalism, focusing on Communications Law. **Ms. Ranf** said she worked on a federal grant working with developmentally disabled people, worked for the Office of Public Instruction and worked for Mountain Bell/US West/QWEST for the past 20 years. She said change should not be feared; instead it should be embraced. **Ms. Ranf** told the committee she had a strong commitment to do her best and to focus on key areas. She said there were several issues that would need to be dealt with; 1) dealing with information technology in the state of Montana, 2) State Government officials making themselves more accessible to the people, and 3) employment and employees of the State.

Proponents' Testimony:

Rick Hays, QWEST, told the committee **Barbara Ranf** was an ideal person with strong, solid leadership skills. She was committed to following and achieving skills with strong professionalism shown at all times. He said her past experience and knowledge of technology and policy about technology with be a strong asset.

Tom Ebzery, QWEST, said he had worked with **Barbara Ranf** many times while being a contract lobbyist for QWEST. He had always found her to be competent and of high character. She would be an asset to the Department as would her technical proficiency, he said.

Margaret Morgan, representing herself, told the committee **Barbara Ranf** was a team leader and team player with a strong attitude of customer service.

Opponents: None

Questions from Committee Members and Responses:

SEN. JOHN BOHLINGER asked **Barbara Ranf** if it would be possible to give legislators regular e-mail addresses to use when the legislature was not in session to make Montana government more accessible to the people? **Ms. Ranf** was supportive of the idea and was interested in looking into it.

SEN. TOOLE asked **Barbara Ranf** what the status of classification was; if it had all been delegated out to agencies? **Barbara Ranf** responded that some had been delegated out to agencies, but the Department continued to do most of it, however.

SEN. TOOLE asked **Barbara Ranf** how the administration would work with the compensation system? **Ms. Ranf** told the committee she had spoken with **John McEwen**, administrator of the Personnel Division. There are a number of training programs in place to aid with performance training and appraisals, she said.

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SEN. EVE FRANKLIN expressed support for **Barbara Ranf**.

SEN. EKEGREN said **Barbara Ranf** had always been friendly and pleasant.

SEN. ELLIOTT wondered if **Barbara Ranf** would look into an 800 number for legislators to call for information? **Ms. Ranf** said she would look into that along with possible e-mail addresses.

SEN. DON HARGROVE asked **Barbara Ranf** about state contracts? **Ms. Ranf** responded there was a role for the private sector and a role for the government. Whichever way things could get done most efficiently and effectively, whether by the private sector or the government, then that would be the direction to pursue.

SEN. HARGROVE asked **Barbara Ranf** if her experience would be a benefit? **Ms. Ranf** told the committee that, yes, her experience would be of benefit, but more importantly, her experience in policy would be needed.

HEARING ON SR 17

Sponsor: SEN. JIM ELLIOTT, SD 36, Trout Creek

Proponents: Donald Harr, representing himself

Opponents: None

Opening Statement by Sponsor:

SEN. JIM ELLIOTT, SD 36, Trout Creek, introduced the confirmation hearing for **Kurt Alme**, Director of Revenue, saying the **Mr. Alme** graduated from college with honors and from Harvard Law School with honors. **Mr. Alme** had worked for both public and private entities in the area of taxation. SEN. ELLIOTT said **Mr. Alme** was a non-practicing CPA.

Kurt Alme, Director of Revenue, told the committee he grew up in Montana, received a Bachelor's degree in accounting, became a CPA, and received his JD law degree from Harvard Law School. While in Massachusetts, **Mr. Alme** worked in the Department of Revenue and worked in services tax issues. He spent a summer with the Department of Justice's tax division and also with a D.C. offer working in the tax policy arena. **Mr. Alme** said he clerked for Judge Charles Little in Helena, then went on to Billings, working in the Crowley Law Firm.

Kurt Alme told the committee he had four basic goals: 1) to try to efficiently and accurately administer revenue assessment and collection and liquor licensing distribution, 2) to provide good customer service up front, 3) to timely, accurately, and with a fair process for everyone, try to handle customer disputes, and 4) to work with legislators, legislature, and the governor's office to try to develop legislation that would encourage economic development. **Kurt Alme** stated it was important for him to be open and honest about everything that goes on in the Department and to try to get input from all sectors. He shared this was an exciting opportunity for him.

Proponents' Testimony:

Donald Harr, representing himself, said he had found **Kurt Alme** to be a man of integrity and honesty, had great attention for details and a dedication to duty. **Donald Harr**, as a psychiatrist, worked with the Guardianship Counsel. **Mr. Harr** told the committee that **Kurt Alme** had been of great benefit to the Counsel in offering his pro-bono efforts to assist the Guardianship Counsel.

SEN. BOHLINGER told the committee he had known **Kurt Alme** as a man of integrity, intelligence, and hard work. He said **Mr. Alme** had a very promising future with the Crowley Law Firm and would have made much more money there, but he came to the government to serve the people of Montana. **SEN. BOHLINGER** stated that showed the high level of integrity and commitment from **Mr. Alme**.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. TOOLE asked **Kurt Alme** what happened to his affiliation with the Crowley Law Firm when he left? **Kurt Alme** replied that he totally terminated his interest with the law firm due to ethical interests.

SEN. BUTCHER asked if the Department would continue to centralize the revenue collections? **Kurt Alme** responded that was outside the Department's control. **Mr. Alme** added his goal was to make government more accessible and efficient, with accountability.

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SEN. EKEGREN told **Kurt Alme** that he was concerned about the smaller towns losing their courthouses because of the important role the local courthouses play in those towns. **SEN. EKEGREN** expressed concern about the Department of Revenue not negotiating problems with individuals and letting them take them to court. **Kurt Alme** responded that in the past, he had been on the other side with representing the taxpayers, so he did have experience in that area. **Mr. Alme** added that he had not seen that attitude while he had been in office, however. **Mr. Alme** told the committee it was important for the department to take a firm stand in tax laws, because if they don't, nobody else will.

SEN. EKEGREN told **Kurt Alme** that taxpayers sometimes feel they could not afford to take a tax matter to court because the money involved was not worth going through the process; however, it was more matters of principal. **Mr. Alme** responded that it was very important to him to treat every taxpayer equally. **Kurt Alme** said the department needs to be right, and needs to be treat everyone the same. The process had to be fair and right for everyone.

SEN. HARGROVE asked **Kurt Alme** what the relationship of the government would be to the people in Montana? **Kurt Alme** responded he strongly feels that it is important that he and the department treats everyone fairly, with no preferential treatment shown. He said there was a system in place that treats everyone

the same and he would encourage the legislature to allow that process to take place. **Kurt Alme** said when taking this position, he asked the governor if he would never be asked to treat anyone preferentially and **Governor Martz** supported this philosophy.

SEN. HARGROVE asked **Kurt Alme** if there were some reasons for differences in revenue estimates between the fiscal analyst and the Department of Revenue? **Kurt Alme** responded that on math issues, they would share information and come to an agreement to provide a check and balances system for each other; however, on philosophical issues, they should not try to be identical.

SEN. ELLIOTT told **Kurt Alme** that streamlining was not always good; when streamlining the courthouses, you are also streamlining the complaint process.

SEN. ELLIOTT asked **Kurt Alme** about what he would do to see that the audit process is fairly enforced? **Mr. Alme** responded that retention of auditors is a big problem because of higher salaries in the private sector. There were two ways to select people for audit: 1) random and 2) red-flag.

ADJOURNMENT

Adjournment: 11:45 A.M.

SEN. DON HARGROVE, Chairman

LYNETTE BROWN, Secretary

DH/LB

EXHIBIT (sts27aad)